GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:267
ANSWERED ON:21.03.2002
DEPENDENCY ON OIL AND OIL PRICES
ANANDRAO ADSUL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India is heavily dependent on oil and oil price volatility which is one of the most important risks that the Indian economy faces;

(b) if so, the details of proposals being considered to reduce the dependence and risk; and

(c) the action plan to implement it in a time bound manner?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 267 TO BE ANSWERED ON 21.3.2002 REGARDING DEPENDENCY ON OIL AND OIL PRICES.

(a): To meet the country's demand of petroleum products, India imports around 70% of its requirement of crude oil and petroleum products. Due to the high dependence on imports, price volatility in the international oil market affects import bill, domestic prices and the subsidy burden on the Government.

(b) & (c): In order to reduce dependence on oil imports, several steps have been taken by the Government which include the following:

(i) to improve the recovery factor from the existing major oil fields by implementing Enhanced Oil Recovery (EOR) and Improved Oil Recovery (IOR) schemes.

(ii) to increase exploration efforts through the New Exploration Licensing Policy (NELP). Under the first round of NELP, Production Sharing Contracts (PSCs) have been signed for 24 blocks and under the second round of NELP, for 23 blocks.

(iii) to attract technology and investment, PSCs for 9 discovered fields, 8 in Gujarat and 1 in Assam, have been signed.

(iv) to explore in new areas, especially in deep water and difficult frontier areas as also in the deeper layers of the producing fields.

(v) to develop faster the newly discovered fields and to step up the use of new technologies for seismic surveys, work over, stimulation operations, drilling of wells etc. in producing areas.

(vi) Exploration and exploitation of Coal Bed Methane.

Steps have also been taken to increase refining capacity by expansion of the existing refineries in the public sector and setting up of refineries in public, joint and private sectors. Furthermore, in order to enhance oil security for the country, ONGC-Videsh Limited have acquired 20% interest in Sukhalin I off shore oil fields in Russia.